

Message Text

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ORIGIN AF-18

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DRAFTED BY AF/RA:LT.COL.J.M.COYKENDALL:PCS

APPROVED BY AF - AMB ROSS

PM/SAS:MR. SMITH

OSD/GC:MR. HERO

AF/W:MR. SHERWOOD

DSAA:MR. GRAND PRE

L/PM:MR. MICHEL

AF/RA:MR. NAVEZ

OASD/ISA:LTC STEPP

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P R 150004Z DEC 73

FM SECSTATE WASHDC

TO AMEMBASSY LAGOS PRIORITY

INFO USCINCEUR

C O N F I D E N T I A L STATE 245208

E.O. 11652:GDS

TAGS: MILI MASS NI

SUBJECT: NORTHROP ACTIVITIES/FMG INTEREST IN F-5E AIRCRAFT

REFERENCE: LAGOS 9287 (NOTAL)

1. WASHINGTON AGENCIES (STATE, DEFENSE, COMMERCE) APPRECIATE EMBASSY'S TIMELY REPORT ON NORTHROP REPS' ACTIVITIES IN NIGERIA. WE HAVE FOR SOMETIME HEARD THAT FMG WAS CONSIDERING PURCHASE OF NEW AIRCRAFT. THIS IS FIRST REAL INDICATION OF FMG INTENTIONS. WE SUPPORT IN PRINCIPLE NORTHROP (OR FOR THAT MATTER ANY OTHER AMERICAN AIRCRAFT FIRM) EFFORT TO SELL LIMITED NUMBER OF APPROPRIATE AIRCRAFT TO FMG. HOWEVER, AS WAS MADE CLEAR TO NORTHROP AT TIME EXPORT LICENSE FOR TECHNICAL DATA WAS ISSUED, THE LIMITATION/PROVISO WAS THAT USG FUNDING UNDER FOREIGN CONFIDENTIAL

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MILITARY SALES IS NOT AVAILABLE FOR SALE OF F-5E'S TO

THE GOVERNMENT OF NIGERIA.

2. THIS POSITION WAS TAKEN DUE TO UNCERTAINTY OVER AVAILABILITY OF USG FUNDS FOR NEW COMMITMENTS IN FY 74. WE RECOGNIZE THIS CONSTRAINT COULD WELL PLACE US FIRMS AT SOME DISADVANTAGE VIS-A-VIS FOREIGN COMPETITORS, ESPECIALLY SHOULD FMG DECIDE IT CANNOT AFFORD TO PAY CASH FOR THE PURCHASE OF AIRCRAFT OR IF A US FIRM IS UNABLE TO ARRANGE PRIVATE FINANCING. WE ARE, HOWEVER, WILLING TO

ASSIST WHEREVER POSSIBLE IN FACILITATING US FIRMS EFFORTS TO EXTENT POSSIBLE.

3. BEGIN FYI. WE WOULD BE OPPOSED TO THE SALE OF SOPHISTICATED WEAPONRY TO NIGERIA, SUCH AS THE SIDE-WINDER MISSILE. END FYI.

4. PRELIMINARY FACTORS WE CONSIDER OF PRIMARY IMPORTANCE IN EXPORTING F-5E AND PROVISIONING OF SPARE PARTS TO NIGERIA ARE: THAT NO SPECIFIC ASSURANCE MAY BE GIVEN TO FMG BY NORTHROP OR USG THAT SPARE PARTS FOR THE F-5E WOULD NOT BE INTERRUPTED SHOULD CIRCUMSTANCE ARISE WHERE IT WOULD BE IN USG INTEREST TO DO SO, AND/OR IN EVENT CONGRESS ENACTED STATUTE DICTATING SUCH INTERRUPTION. THERE IS NO REASON TO ASSUME SUCH INTERRUPTIONS WOULD BE IMPOSED IN THE FORESEEABLE FUTURE. IT IS UNDERSTOOD FROM NORTHROP REPRESENTATIVES THAT PROPOSED SALE PACKAGE COULD INCLUDE PROVISION FOR SUBSTANTIAL COMPANY-OPERATED PARTS WAREHOUSE FACILITY IN NIGERIA WHICH MIGHT OFFER FMG SOME FEELING OF SECURITY WITH RESPECT TO ASSURED PARTS SUPPLY.

5. SECTION 504 OF FOREIGN ASSISTANCE ACT PROHIBITS USE OF MAP FUNDS TO FURNISH SOPHISTICATED WEAPONS SYSTEMS, SUCH AS JET AIRCRAFT, TO UNDERDEVELOPED COUNTRIES. THIS PROHIBITION CAN ONLY BE OVERCOME WITH PRESIDENTIAL DETERMINATION THAT FURNISHING OF THIS WEAPON SYSTEM IS QTE IMPORTANT TO THE NATIONAL SECURITY OF THE US. UNQTE. SECTION 4 OF FOREIGN MILITARY SALES ACT CONTAINS SIMILAR PROHIBITION AGAINST USE OF FMS FUNDS TO GUARANTEE, OR EXTEND CREDIT OR PARTICIPATE IN AN EXTENSION OF CREDIT

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IN CONNECTION WITH ANY SALE OF SOPHISTICATED WEAPON SYSTEM SUCH AS JET AIRCRAFT TO ANY UNDERDEVELOPED COUNTRY. PROHIBITION CAN BE OVERCOME BY SAME TYPE OF PD. FMSA PROVISION APPLIES ONLY TO USG FUNDED (OR GUARANTEED) SALES AND WOULD NOT AFFECT CASH SALE, AS PRESENTLY CONTEMPLATED BY NORTHROP. HOWEVER, GOVERNMENT FURNISHED EQUIPMENT (GFE), I.E., ORDNANCE MATERIALS WHICH WILL BE REQUIRED FOR THE F-5E WILL REQUIRE THAT RANSACION BE

CONCLUDED AS FMS CASH SALE RATHER THAN UNDER PURELY COMMERCIAL ARRANGEMENT. (DOD HAS NO PRESENT AUTHORITY TO FURNISH GFE TO NORTHROP FOR USE IN EQUIPMENT BEING SOLD COMMERCIALY.)

6. WE WOULD LIKE TO CORRECT EMBASSY ROUGH QUOTATION OF EIGHT MILLION DOLLARS FOR 15 F-5E AIRCRAFT. WE BELIEVE A FIGURE AROUND 40-45 MILLION DOLS IS MORE ACCURATE.

7. NORTHROP REPRESENTATIVES ARE FULLY BRIEFED THROUGH CONSULTATIONS IN WASHINGTON AND SHOULD BE IN POSITION TO NEGOTIATE WITH FMG IN FULL KNOWLEDGE OF APPLICABLE

USG POLICIES. EMBASSY INTERVENTION WITH FMG ON MATTER THUS DOES NOT APPEAR USEFUL OR WARRANTED AT THIS TIME.

8. EMBASSY MAY HOWEVER, DRAW ON ABOVE SHOULD FMG RAISE SUBJECT, AND IN ANY DISCUSSIONS WITH NORTHROP REPS. RUSH

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Message Attributes

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